

INFORMATION REPORT

CD NO.

COUNTRY	USSR
---------	------

CONFIDENTIAL

DATE DISTR. 28 Apr 1949

SUBJECT Legal and Black Market Commerce

NO. OF PAGES 3

25X1A

NO. OF ENCLS.
(LISTED BELOW)

ACQUIRED

**SUPPLEMENT TO
REPORT NO.**

25X1X

1. The following goods are exported from Sukhumi to the interior of the USSR:

Citrus and other fruits

Tobacco

Animals (for the Army only)

Cotton knitted goods such as undershirts, sweaters, and hosiery in small quantities

2. The following goods are imported into Sukhumi via Tbilisi:

Textiles and clothing

Underclothes in general

Kitchen utensils

Ironware

Kerosene and gasoline

Matches

The greatest shortage in the Caucasus is usually in textiles.

3. It is a general rule throughout the Soviet Union that a producer is not permitted to sell his farm products unless he has paid all government taxes on them and has a receipt from the "zagotovochny punkt". When he has paid the taxes and acquired the proper receipt, on which the quantity left to him is mentioned, he is given a permit to sell the remaining produce. It is only the producer who has the right to sell this produce; the buyer does not have the right to resell it. Specifically, it is forbidden to export from Sukhumi and to sell to other towns horticultural and agricultural products and livestock unless the taxes have been paid. Producers who violate this regulation are penalized by being forbidden to go to the market place. When the taxes have not been paid, these products are sold by black marketeers, who, by bribes, manage to obtain from the "zagotovochny punkt" certificates that they are producers and that some produce is left to them for sale. It is forbidden to sell animals for slaughter either in or out of the town of Sukhumi. All other goods are usually handled by government organizations.

CONFIDENTIAL

CLASSIFICATION ~~SECRET~~/CONTROL-US OFFICIALS ONLY

[illegible]

Document No.

NO CHANGE in Class. ☐

☐ DECLASSIFIED

Class. CHANGED TO: TS S

BDA Memo, 4 Apr 77

Auth: DDA REG. 77/1763

GENERAL INTELLIGENCE AGENCY

- 2 -

4. As a rule, the sale of all products, with the exception of used clothing and footwear, is prohibited in the USSR. Above all, transactions in foreign exchange and gold are strictly forbidden. Offenders are punished severely; anyone discovered dealing in foreign exchange is immediately deported to a forced labor camp and his property is confiscated. Second in degree of seriousness is the sale of textiles, for which the penalty is seven years at forced labor and confiscation of property. Members of the family of an offender also are punished in cases involving foreign exchange but not in cases involving textiles. The sale of weapons, such as pistols and revolvers, is punishable by four years' imprisonment, which really means four years at forced labor in Siberia. As a result, everything is handled on the black market, from matches to foreign exchange. The penalty for black marketeering is up to seven years in exile. If, however, the quantity of merchandise is large, the period of exile may be increased to ten years.

5. [REDACTED] the following specific convictions of black marketeers:

- a. A resident of Sukhumi was apprehended while selling two pairs of rubber overshoes. The court condemned him to six years in prison, although the public prosecutor had demanded ten years in prison. (May 1948)
- b. A Greek girl in Sukhumi, arrested while selling two boxes of matches, was condemned to six years' imprisonment and was immediately exiled. (April 1948)
- c. Two Armenians, residents of Sukhumi, were arrested in the railway station in Moscow while trying to carry to Sukhumi two packages of textiles. They were sent to Sukhumi, where they were condemned to six years in prison and were exiled immediately. (April 1948)
- d. A Greek resident of Sukhumi, arrested for stealing 25-30 okes* of rice from the market of Sukhumi, was sentenced to seven years at hard labor. (Winter 1947)
- e. Two civilians, arrested in Sukhumi on information given to the police that they were in possession of arms abandoned by the Germans after their retreat, were condemned to two years' imprisonment because they had not delivered the arms to the authorities.

6. From 1944 to 1948, informant undertook some 70 to 80 trips, almost entirely by air, from Sukhumi to the interior of the USSR, visiting the cities of Moscow, Leningrad, Kharkov, Rostov, Kiev, and Riga. The purpose of these trips was, in most cases, black marketing, mainly in textiles. Travel permits and tickets were obtained largely by means of bribes.

7. On a trip to Moscow in 1944, informant found that the principal place where black market deals were transacted was the Dzerzhinsky district. Merchandise could be obtained in two ways: either by lining up outside any State shop and tipping the shop attendant (usually each person could buy only six meters of material at a time), or by going around the market and purchasing the material from persons (usually workmen from the various textile factories) to whom the State from time to time allocated material. For ten days in succession, informant went to the market and, using both methods, succeeded in purchasing 400-450 meters of cotton fabrics in various lengths. For this he spent about 21,000-22,000 rubles, including 4,000 rubles for personal and travel expenses. From the sale of this material at Sukhumi, he made a 100 percent profit, receiving 44,000 rubles in all. On his next trip, he again made a 100 percent profit on textiles.

8. On his next to last trip, informant and two friends flew to Moscow in the Autumn of 1947. They bought textiles and rubber overshoes to the total value of 80,000 rubles and sold these in Sukhumi for a 50 percent profit. Informant says that the profit on this occasion was smaller than before for the following reasons: a) the State had distributed a larger quantity of these articles to the population; b) there was a shortage of money among the population; and c) it was much easier for foreigners to obtain travel permits and tickets directly from the airfields and therefore those making trips to transact black market business were more numerous.

~~SECRET~~/CONTROL-US OFFICIALS ONLY

CENTRAL INTELLIGENCE AGENCY

- 3 -

25X1X

9.

rubber overshoes to the value of 1,400 rubles. The overshoes were sold in Sukhumi for a profit of 100 to 150 percent. With the rest of his money, informant bought 15,000 rubles worth of textiles in Moscow and sold them in Sukhumi for a profit of about 50 percent.

10.

profit. After the reform, the prices of most articles dropped considerably; for example, textiles, rubber overshoes, and shoes dropped to one-third or one fourth of their former value. Specifically, rubber overshoes dropped to 24 rubles a pair in Riga after the reform; cotton goods cost 60-120 rubles per meter before the currency exchange but 10-40 rubles per meter after the exchange; shoes cost 1,500-2,000 rubles a pair before but 500 rubles or more a pair after the exchange.

*Oke or oka = about 2 3/4 lbs.

~~SECRET~~/CONTROL-US OFFICIALS ONLY